

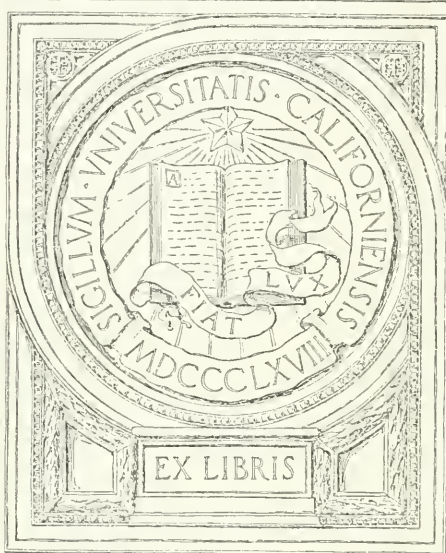
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Dedicated to
"THE MAN IN THE STREET."

NATIONAL

FINANCE.

PAST, PRESENT and FUTURE,

ILLUSTRATED BY
TEN COLOURED DIAGRAM TABLES.

By E. A. ASTON

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“Theorists may argue that it would be better for Ireland to become in every respect a mere province of England ; they may contend that a Union of Legislatures, accompanied by a corresponding fusion of characters and identification of hopes, interests and desires, would strengthen the Empire, but as a matter of fact this was not what was effected in 1800. The measure of Pitt centralised but did not unite, or rather while uniting the Legislatures it divided the nations.”

Lecky's "Leaders of Public Opinion in Ireland." Ed. 1871. page 192.

“So long as Great Britain and Ireland continue to be united under one Parliament, it is, in our opinion, impossible to discriminate between objects of Imperial expenditure to which Ireland should, and those to which she should not contribute ”

*Financial Relations Commission, Mr. Childers' Draft Report (page 193),
and Majority Report (page 27).*

APPROVED TO MR.
CHILDERS 20.11.11
V. A. B. L.

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Preface to Diagram Tables.

SOME readers of this pamphlet may desire merely to obtain information as to the history of Irish National Finance. Such readers may extract information of value from Diagram-tables numbered I. to VIII. These diagrams are strictly statistical records, and may be used for any scientific or other non-political purpose. Diagrams IX. and X., with my comments throughout the pamphlet, may be eschewed by readers who desire to remain unshaken in the faith of those who preach a continuance of the present financial relationship between Great Britain and Ireland.

Each diagram is drawn carefully to scale. A table of the principal authorities relied upon is appended (page 35), and should be consulted by those who desire fuller information. In diagrams which include the financial years 1910 and 1911 the *revenue* figures given are the mean of the amounts shown in the Parliamentary returns for the two years named. This adjustment is necessary owing to the suspension of the 1909 Budget by the House of Lords, and the consequent collection in 1911 of revenue which normally would have been received in 1910. All, except financial pedants, will accept the result thus obtained as substantially accurate.

For convenience the date of each financial year is indicated throughout the diagrams by the calendar year during which such financial year ended. Thus the date 1911 indicates the financial year which ended in March, 1911.

In the marginal notes and references the abridgements "F. R. Report" and "Oldham's Lectures" are intended respectively to denote the Report of the Financial Relations Commission and the series of lectures delivered during the months of May and June of the present year upon "The Public Finances of Ireland," by Mr. C. H. Oldham, B.L., Professor of Commerce in the National University of Ireland. These lectures were published fully in the *Freeman's Journal* when they were delivered, and are, it is understood, to be reproduced immediately in book form.

To the reader who has not given any previous attention to public finance it is necessary to say that expenditure upon military or naval services, even upon troops stationed in Ireland, is not included under any head in the diagram tables. That is treated as a separate Imperial charge. All other charges are included in Irish expenditure. Even to the better informed reader certain clear definitions may be helpful. These may conveniently be tabulated thus :—

“ *National* ” *revenue*.—Amount collected by Imperial officers (subject to Treasury adjustment), *i.e.*, tax and non-tax revenue.

“ *Local* ” *revenue*.—Amounts collected by popularly elected local authorities, *i.e.*, rates, rents, &c.

“ *National* ” *expenditure*.—Amounts directly administered by Government departments.

“ *Civil* ” *expenditure*.—Exchequer outlay, whether administered directly by Government departments or indirectly through local authorities.

“ *Local* ” *expenditure*.—Amounts administered by local authorities, whether derived from rates or from Exchequer grants.

“ *Contributed* ” or “ *true* ” *revenue*.—The amount credited to Ireland by the Treasury, as distinguished from the actual amount collected.

I hope clear thinking may be ensured by these definitions.

E. A. ASTON.

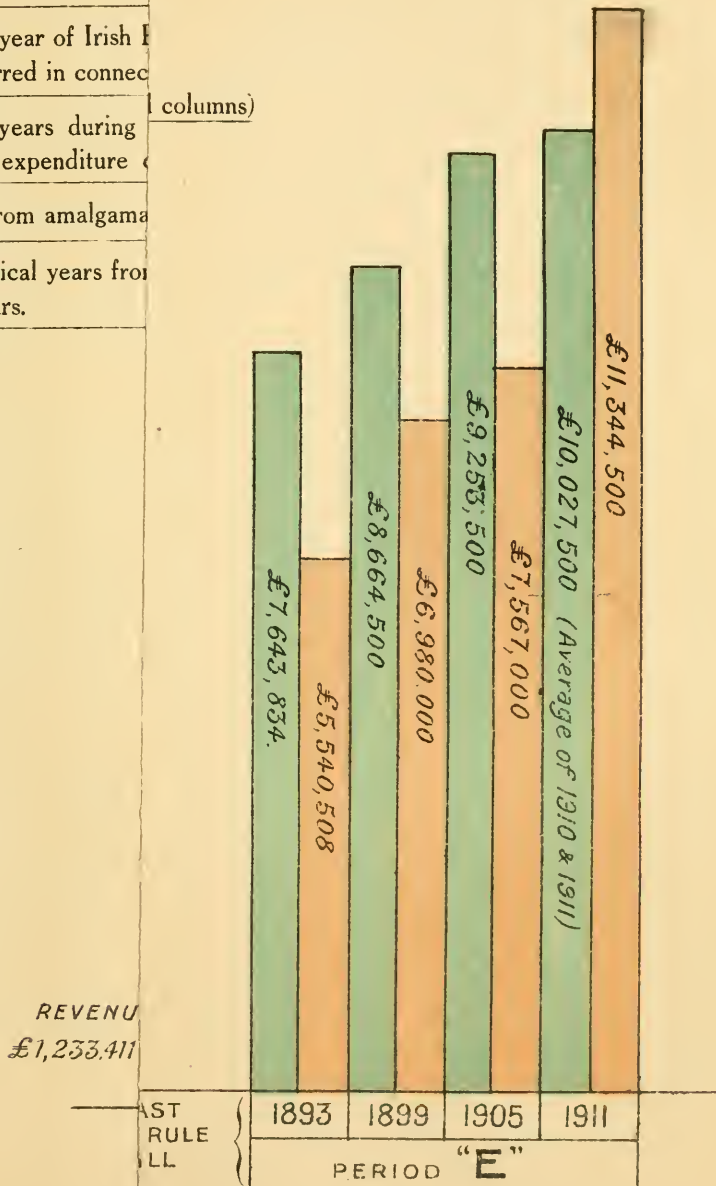
September, 1911.

DIA to 1911.

ution to British Imperial Expenditure.

NOTES on Periods marked be ribution to cost of Irish Civil Government.

- "A" A typical year of pe
- "B" The last year of Irish E
was incurred in connec
- "C" Typical years during
common expenditure c
- "D" Period from amalgama
- "E" Four typical years from
of 6 years.



TE EXPENDITURE.

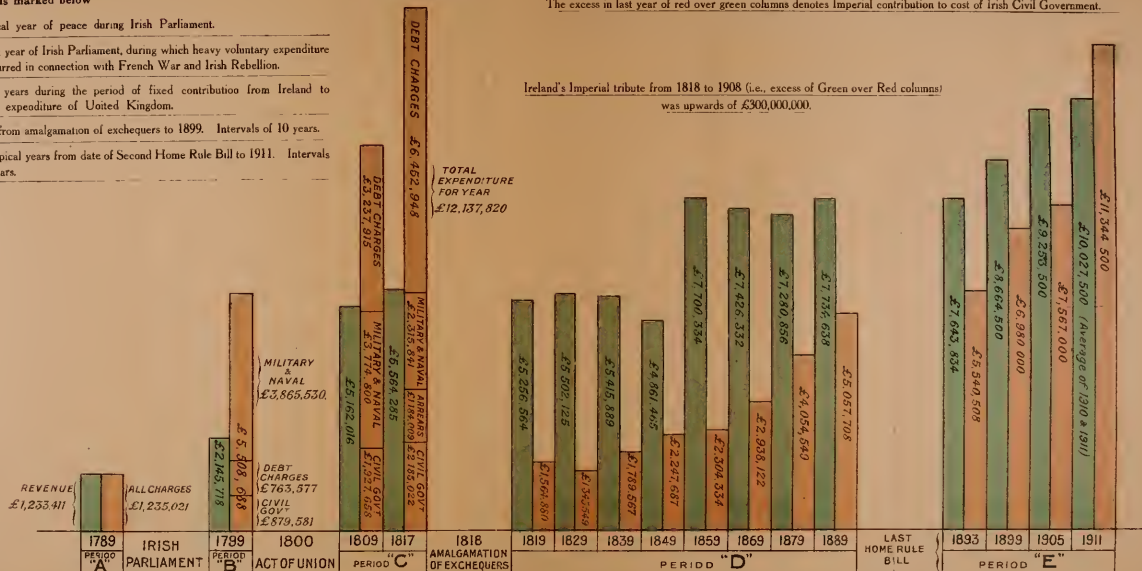
DIAGRAM TABLE No. I.—Showing 122 years' history of Irish National Finance in outline—From 1789 to 1911.

NOTES on Periods marked below—

- "A" A typical year of peace during Irish Parliament.
 "B" The last year of Irish Parliament, during which heavy voluntary expenditure was incurred in connection with French War and Irish Rebellion.
 "C" Typical years during the period of fixed contribution from Ireland to common expenditure of United Kingdom.
 "D" Period from amalgamation of exchequers to 1899. Intervals of 10 years.
 "E" Four typical years from date of Second Home Rule Bill to 1911. Intervals of 6 years.

NOTES on Periods D. and E.—The excess in each year of green over red columns denotes Irish contribution to British Imperial Expenditure.

The excess in last year of red over green columns denotes Imperial contribution to cost of Irish Civil Government.



REFERENCE.—GREEN COLUMNS DENOTE REVENUE. RED COLUMNS DENOTE EXPENDITURE

Introductory.

I.

THE presentation of a subject which is unattractive, extensive, and complex in a form at once lucid, accurate, and comprehensive is always a task of no small difficulty. When to such difficulty is added the insistent demand of "the man in the street"—to whom this pamphlet is specially dedicated—for brevity, difficulty almost becomes impossibility. When such inherent obstacles are augmented by the necessary shortcomings of an unpractised writer there is ample justification for a plea, which I now enter, for the generous leniency of the critical.

When I decided to attempt the presentation of a history of Irish National Finance in tabloid form, my intention was limited to the publication of the diagram-tables which follow. An extension of this idea was forced upon me by two considerations, viz., the necessity for explanation and elaboration of the diagrams and the possible misunderstanding and distortion of their true significance by the superficial reader, or by those who, for party purposes, might be tempted to do violence to context by the quotation of isolated figures.

To Irishmen and Englishmen alike whose visions are not completely blinded by party prejudice a knowledge of the financial history of Ireland will produce but one result—amazement that the relationships of the past century have been permitted so long to continue. Those who remain indifferent or uncertain as to the political future of Ireland—and I believe there are many—can hardly fail if they review the story of our national finances, to develop earnest convictions and find political salvation in the growing ranks of those who believe that responsible self-government is the only sure way to permanent national welfare.

It is safe to assert that no event of modern times has proved more fatal to the position of the Unionist Party than the publication of the Report of the Financial Relations Commission.

No Unionist may read its pages and absorb its teaching with safety to his creed. Its 950 pages unfortunately forbid popular perusal. If no other useful purpose be served by the publication of this pamphlet its justification is ample in the fact that the greater part of the diagrams which it includes are accurate reproductions of undisputed facts and figures from the pages of the Commission's Report. But much food for "furious thought" is provided by financial happenings of the fifteen years which have elapsed since the Commission found its verdict.

The diagram-tables now presented which deal with figures published since 1893 are taken from Treasury returns, and bring up-to-date the principal financial phenomena upon which the Commission based its findings. The changes of fifteen years have produced a new situation. It becomes a question of capital importance, how this situation affects the respective positions of Unionist and Nationalist. To this question, with some hesitation, I have ventured to attempt an answer. The accuracy of eight of the ten diagrams presented cannot be questioned. They are based upon accepted authorities. The accuracy of the last two diagrams cannot be impugned. With those who reject their forecasts, or the method by which it is suggested John Bull may cut his losses without embarrassing Ireland, I will have no quarrel. The particular method outlined is advanced not as the only solution to a difficult problem, but in justification of the belief that a radical and courageous solution of the financial relationship is not only necessary to a clearly defined political relationship between Great Britain and Ireland, but as desirable for its simplicity as a financial transaction.

To the end, hide-bound Unionism will retain some of its votaries. These will reject all solutions, while vigorously denying that their only alternative is a process of sponging upon another country for financial benefits. From such, an answer should be wrung to the question—What solution have *you* to propound? One central fact of supreme importance emerges from the present predicament.

England's financial advantage is Ireland's opportunity. The same road leads to the relief of the British taxpayer and to the political pacification of Ireland. That road is through the clear and full financial responsibility of an Irish Parliament.

In the coming Home Rule settlement one outstanding danger has already presented itself. It is contained in the suggestion, emanating apparently from responsible quarters, that the cost of the civil government of Ireland should be segregated under the headings "Imperial" and "Irish." Whatever cost can be properly attributed to British extravagance in Irish administration is to be financed, so long as it continues, by the British Treasury. The excessive amount of old-age pensions, being the outcome of depopulation caused by British misgovernment, is to remain an Imperial charge. Only charges produced upon some hypothetically normal basis are to be borne by the Irish treasury. The difficulty of ascertaining and allocating such charges and of providing a method for their future adjustment will probably kill the proposal, but, if not, the danger is as real as the suggestion is plausible. Let us frankly admit in this connection the truth that has been trumpeted from every Home Rule platform, that the Act of Union has demoralised the people of Ireland. Whatever the ideals of the Irish people may be at the outset of self-government they will not at once and by magic remove the demoralization of a century. A tendency towards reaction from a spirit of independence to a demand for British financial grants, is certain to assert itself in Ireland. In a moment of despondency the Irish Parliament may throw away a measure of its independence for some material consideration. That process once begun will reopen the whole evil history of the past. Recriminations and discontent would again involve England and Ireland in the old feuds.

Of all the blessings which Home Rule can bring to the Irish people, the greatest is the growth of a spirit of self-reliance. Conditions which prevent them looking for the redress of grievances beyond their own Parliament will ensure that intense interest in securing the best assembly the nation can produce, and that sensitiveness of members to intense public opinion which are the vital elements of responsible self-government. To the extent that such interest and responsibility are divided, or made capable of division,

an Irish Parliament will suffer. To the extent that openings for any joint responsibility between the Imperial and Irish Exchequers, or any possibility of doubt upon such matters remain, the Irish people will suffer.

The case for financial restitution, so well stated by Professor Kettle in his recent pamphlet, "Home Rule Finance," is clear. I have endeavoured in a later chapter and diagram to show how restitution may be effected in such a manner that the annual British expenditure upon Irish government may be reduced, under conditions which will remove the possible tendency of the Irish people and Parliament to rely upon a British subvention.

But there are necessarily limits to the doctrine of financial independence. They are imposed by both political and economic considerations. These are dealt with in the following chapter.

Freedom, Federalism, and Finance.

II.

IT is a profound misunderstanding of the case for Irish Self-Government to suppose that it is altogether, or even mainly, a question of money. As with individuals so with communities, an overflowing exchequer may be the means of damnation, and straitened resources the necessary tonic to produce effort and development. The nature of expenditure, rather than the amount of income, is the index to the growth or decay of personal or national character.

**Home Rule
not a Question
of Money.**

Freedom to determine the amount and object of expenditure is essential to national as to individual development. Only minors or the mentally incapable are compelled to submit to the financial control of others. The natural law which impels the individual to seek financial freedom also impels the nation. Deprived of such freedom the development of an individual or of a nation is radically impaired. Control of expenditure is the essence of civic as of personal liberty. But freedom in finance only is not in itself political freedom. The true organic development of a community involves liberty to do, or to abstain from doing, things which cannot be expressed in, and which may bear a remote relationship to, the columns of the national cash-book. It is the desire for this wider freedom to live her own social and economic life, that supplies the main impulse to the movement for Irish Self-Government. Financial and economic considerations are, with the nation as with the individual, subordinate to the things which are temperamental.

**Freedom
Essential to
Development.**

If therefore conditions under which the national temperament may find its congenial atmosphere of freedom can only be purchased by financial sacrifice, Irish Nationalists will not hesitate to pay the necessary price. Home Rule is worth paying for! But justice demands that economic truths, however unpleasant, shall not be forgotten. Great Britain became the self-appointed trustee of Irish finances, and she must be prepared to give an account of her stewardship.

**National
Temperament.**

**A
Self-appointed
Trustee.**

Ireland, whose affairs have been in trust, advances a claim for restitution. Great Britain, as financial trustee, recognises not only that the claim is valid, but that it must be paid. She is in fact paying it now in yearly increasing instalments. She is about to recognise her unwilling ward's claim for freedom as well as for recoupment. The difficulty which remains and presses is a question of how an account can be taken. No recognised or perfect method for the clearance of such an account is available. Ireland claims "an Empire's ransom" as equitable restitution, and recognises that her claim is impossible to realize. She is prepared to accept a composition with a governing condition. That condition is political freedom. If the condition is not granted her full claim stands, and she must continue to realize it in instalments, as best she may. Will Great Britain compound with a definite money payment and concede the condition of political freedom? That is where we stand to-day. And here we must ask what freedom means? What degree of liberty does Ireland demand, and what should Great Britain concede? The Irish claim is specific and limited. Liberty to become an enemy is not asked, it is not desired. Ireland recognises a possibly useful friend in her present trustee. She desires her friendship. Even when in open revolt against her trusteeship she has recognised two things. Firstly, her many excellent qualities of friendship for those whose financial affairs she has not undertaken to manage, or whose affairs she has ceased to interfere with. She has not only conceded liberty to South Africa but her goodwill has followed the concession. Secondly, Ireland recognises that Great Britain's friendship is an asset of material value to those who possess it.

Ireland recognises that in her case—nature having decreed that she shall be Great Britain's next door neighbour—British friendship, British goodwill, and British protection are of peculiar importance. If she can but secure control of the domestic affairs of her own household Ireland is not only willing, but anxious, to enter into more intimate relationships with Great Britain than any which yet exist between two nations.

Three characteristics are distinctive of the "Federal" as compared with the "Colonial" relationship. All of these Ireland is prepared to embrace in her new arrangement with Great Britain.

Restitution.
"An Empire's
Ransom."

Will
Great Britain
Compound. ?

British
Friendship.

"Federal" and
"Colonial"
Relationships.

She will participate in a British Parliament for the purpose of securing common customs-duties and absolute freedom of exchange as between the two countries ; she will concede the control of armed forces, and she will recognise Great Britain as the trustee of her diplomatic relationships with other countries.

Only in the matter of fixing the amount of her customs and excise duties will she thereby sacrifice any of that domestic freedom which is the essential characteristic of self-government. Upon this point only is there any absence of substantial unanimity in the voice of Irish Nationalists. Let us recognise that this concession of domestic freedom demands justification. Almost two-thirds of the revenue of Ireland is at present derived from customs and excise duties. What is the value of self-government which does not concede the control of these duties to an Irish Parliament ? What is the value of a financial freedom which excludes the right to increase or diminish import taxes ? These questions can best be answered by asking others. Would an Irish Parliament exercise such powers if they were conceded ? Would an Irish Government propose to establish a chain of expensive customs barriers for the scrutiny of all goods and personal effects arriving from Great Britain ? Would an Irish Parliament be prepared to provoke the imposition of retaliatory tariffs upon Irish products sold in Great Britain ? If an Irish Parliament would do these things it would set economic principles at defiance, it would transgress the elementary laws of common-sense.

**Customs and
Excise.**

What we are prepared to yield therefore involves nothing more than an academic concession. As a practical issue it is not worth taking any risks for. Only under the circumstances of Great Britain setting up a general protective tariff could Ireland be made seriously to suffer. Only if the British Tariff Reformer succeeds—which appears a remote possibility—in establishing a tariff specially unfavourable to Irish trade would it become necessary to meet a real danger. A new situation would then have arisen and an Irish Parliament would exist to deal with it.

**An Academic
Concession.**

One means of counteracting any oppressive effect of customs and excise duties will always be available to an Irish Parliament. Subject to the payment of land purchase annuities the entire product of such duties would be paid to the Irish Exchequer. The funds

**Irish Industrial
Subsidies.**

so produced could be applied for the subsidy or relief of specially oppressed industries.

Great Britain can safely rely upon the urgency of other claims upon the Irish Exchequer to prevent the bounty-feeding of Irish industries to any extent which would impose unfair trade conditions upon any British manufacturer.

In another chapter and its accompanying diagram (No. 10) a proposal is made that Great Britain should endow an Irish Parliament with the entire product of Irish revenue and a capital sum of £21,000,000, payable to the Irish Exchequer in annual sums, beginning with £2,000,000 in its first year, diminishing by £100,000 in each subsequent year until the capital sum is exhausted, all payments thus terminating within twenty years.

This is submitted as a method at once consonant with sound British and Irish finance, fully justified by the history of past financial relationships, in harmony with the relationships of a federal to a federated parliament, and calculated to ensure from the outset in an Irish Parliament the twin virtues of full domestic freedom and full domestic responsibility.

One thing of importance remains to be said. The settlement proposed makes no provision, large or small either present or future, for an Irish contribution to Imperial expenditure and cannot therefore be accepted as finally conclusive and binding for all time. Whatever the present British debt to Ireland may be, it will have been largely liquidated by the payment of £21,000,000, and by twenty years of Irish freedom from contribution to Imperial expenditure. The reply to any difficulty raised by this consideration is that under the federal relationship proposed Great Britain can at any time compel Ireland to pay her quota. History tells us that compulsion would be unnecessary. As Grattan's Free Parliament was prepared voluntarily to incur heavy debt in connection with the French wars, so will another free Irish Parliament if the occasion arises. As with the other self-governing nations of the Empire, Ireland may be trusted to meet emergencies when they arise and as she is able. To-day she yields nothing nor can she be compelled to. Twenty years, or even less, of domestic freedom and recuperation will probably ensure the capacity as well as the desire to take an effective part in securing the safety of the British sisterhood of free nations.

A Payment of
£21,000,000.

A Final and
Permanent
Settlement.

Voluntary
Imperial
Contributions.

National Finance, from Grattan to Redmond.

III.

(DIAGRAMS I., II., III., & IV.)

AN Irish Parliament, substantially free from British interference in its domestic affairs, came into existence for the first time with the introduction of Grattan's historic Declaration of Independence, on the 16th of April, 1782. Its high-water mark of financial freedom was reached on the 10th of July, 1793, when a Royal message, surrendering finally the rights of the Crown to the disposal of Irish Hereditary Revenue, was signed by the King (*a*).

(*a.*) Oldham's
Lecture, No. II.

We have heard much of the virtues and the glories, and little of the vices and defects, of Grattan's Parliament. To Irishmen the time of its existence appears as the golden period of their national history. We may even claim that Grattan's assembly was as efficient as, perhaps more efficient than, any of its contemporary legislatures (*b*). Within its limits, it at all events amply proved its right to continue and improve. Having asserted this, it is well to remember the outstanding weaknesses which render its comparison with modern assemblies impossible. Not only were its members confined to a small class, but, owing to a survival of the penal laws, it failed to embrace in its *personnel* even one representative of the overwhelming Catholic population of Ireland. It was bureaucratic and unrepresentative. These defects rendered the Act of Union possible. But we are now concerned with its financial capacity—in that aspect it fully justified its existence (*c*). Nor was its efficiency the outcome of a parsimonious or parochial spirit.

(*b.*) Lecky's His-
tory, Vol. 5, pp.
270-276.

(*c.*) Lecky's
"Leaders of
Public Opinion,"
Ed. 1871, page
187.

(a.) Irish
Commons
Journal, Vol. X,
page 157, and
Lecky's History,
Vol. IV, page 555.

One of its first Acts, in May, 1782 (a), was to vote £100,000 for the supply of 20,000 sailors to the Royal Navy. Resisting, later in the same year, a proposal of the Opposition to reduce the cost of troops for Imperial purposes, Mr. Grattan said—"England protects our trade, and we pay £70,000 a year to maintain troops." Grattan successfully opposed throughout the life of his Parliament all proposals to shirk what we may call Ireland's Imperial responsibility. At the end of ten years, in 1793, we find (see Diagram I., Period A.) that Ireland was able to discharge her Imperial and domestic claims and to balance her expenditure by a very moderate revenue. During the ten years 1783-93 her debt had increased by only £350,000 (Diagram II.).

**Voluntary
Imperial
Contributions.**

**Low
Expenditure
and Debt.**

In the same period her population had rapidly increased. (Diagram III.).

But in 1785 an agitation had begun in the English Parliament, with the object of compelling Ireland to pay a fixed proportion of England's growing foreign expenses. The proposal, though receiving full consideration and much support in the Irish Parliament, was finally rejected, in 1794, for the reason that it would have involved a surrender in a great measure of the exclusive right to legislate for Ireland (b).

(b.) Lecky's
History, Vol. VI,
page 603.

The outbreak of the French war in 1793 caused a fresh demand upon Irish willingness to bear a substantial portion of Imperial burdens. How Ireland responded may be judged from the opposition criticism of the Irish Government's Imperial policy at the end of 1795 (c).

**Growing
War
Expenditure.**

"In consequence of the war," they said, "we have greatly added to our annual taxes, and increased nearly threefold the debt of the nation . . . In this year we have voted a loan of nearly two millions, and granted a greater force than ever was paid for by Ireland."

(c) Plowden's
History Vol. II,
page 526.

In 1797, as well as the French war the beginning of the rebellion in Ireland had to be faced (d). Not only the cost of a specially constituted Irish yeomanry, but the cost of British troops in Ireland fell upon the Irish Exchequer.

**Cost of
Irish
Rebellion.**

(d.) Plowden's
History, Vol. II,
page 66

The Refer

"A"

"B"

"C"

"D"

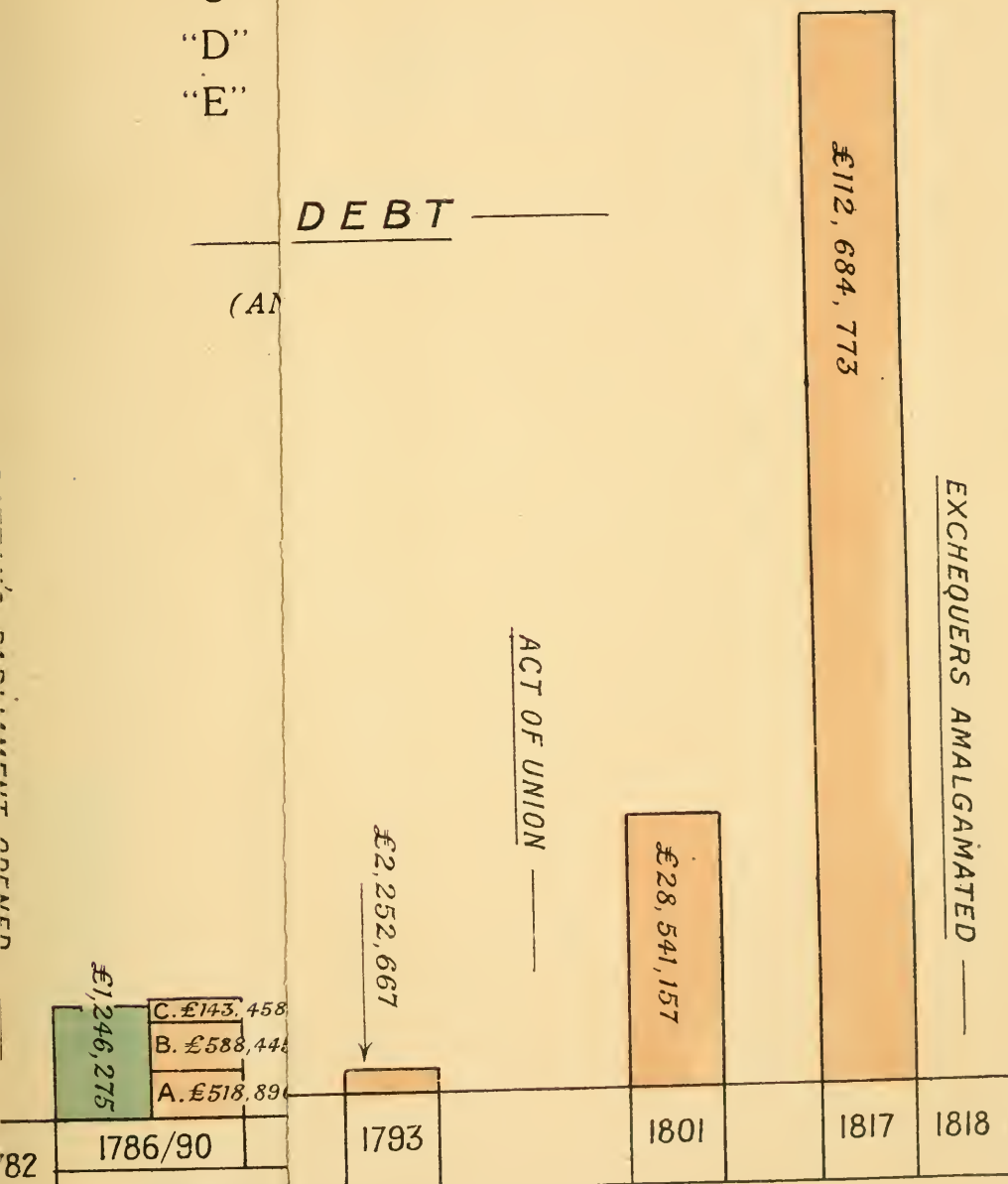
"E"

DEBT

(A)

ACT OF UNION

EXCHEQUERS AMALGAMATED



NOTE AMOUNTS OF IRISH NATIONAL DEBT.

GA

SCALE, - One Inch = £10,000,000.

DIAGRAM TABLE No. II.—Showing the abnormal increase in Irish National Revenue, Expenditure and Debt, in periods immediately preceding and following the Act of Union.

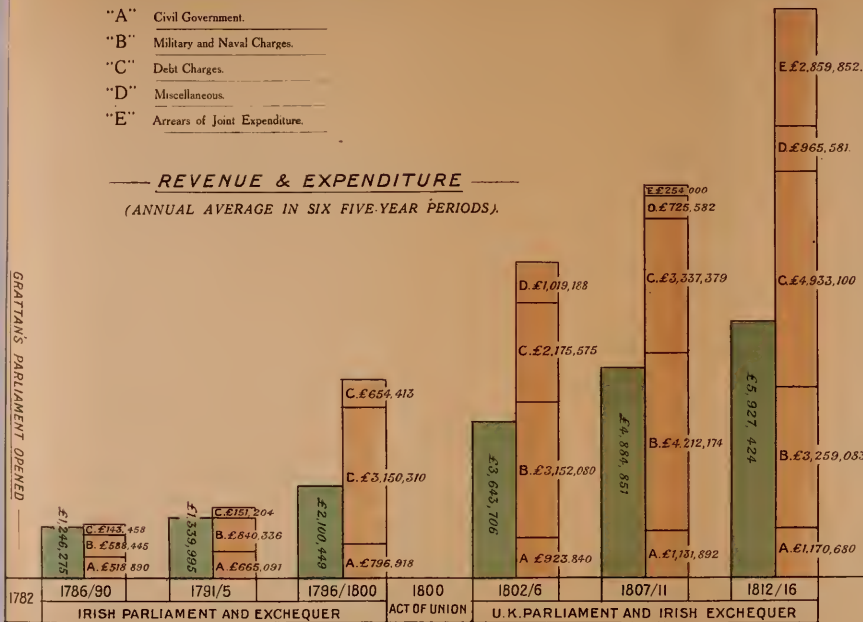
The Reference letters in Expenditure columns denote:—

- "A" Civil Government.
- "B" Military and Naval Charges.
- "C" Debt Charges.
- "D" Miscellaneous.
- "E" Arrears of Joint Expenditure.

REVENUE & EXPENDITURE

(ANNUAL AVERAGE IN SIX FIVE-YEAR PERIODS).

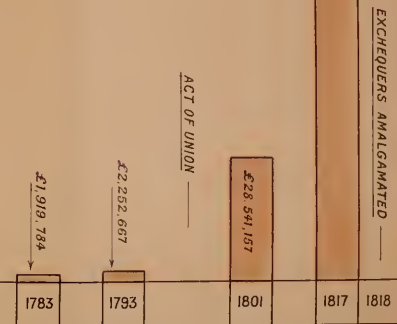
GRATTAN'S PARLIAMENT OPENED



GREEN COLUMNS DENOTE REVENUE. RED COLUMNS EXPENDITURE.

SCALE, One Inch = £1,000,000.

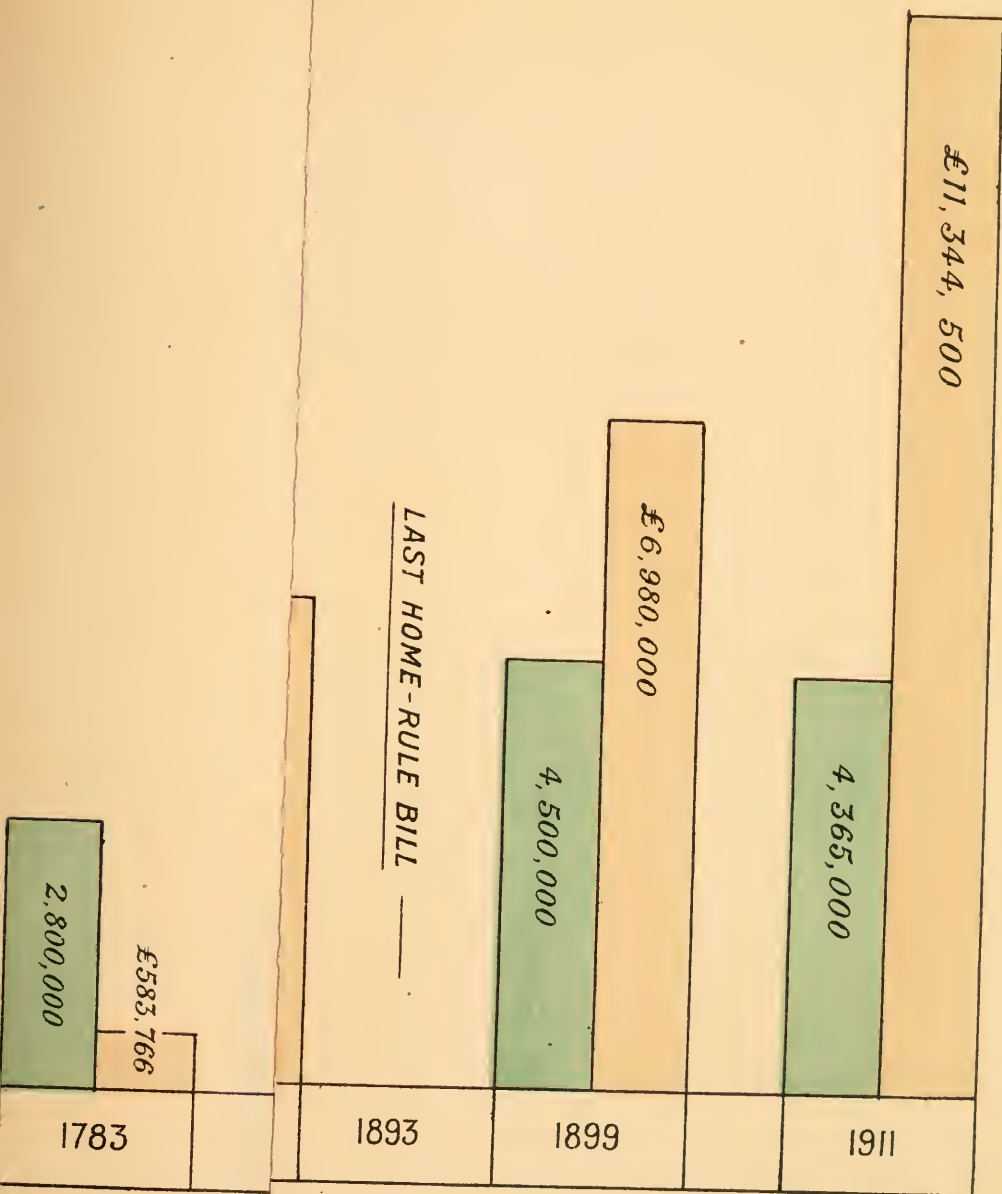
DEBT



COLUMNS DENOTE AMOUNTS OF IRISH NATIONAL DEBT.

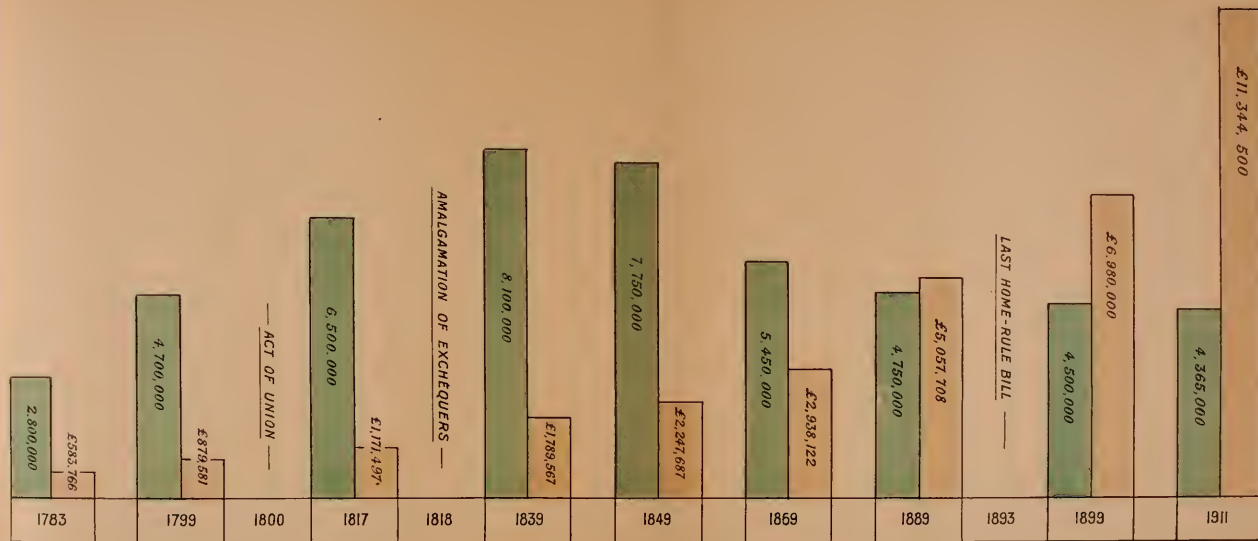
SCALE, One Inch = £10,000,000.

DIAGRAM Government Charges, from the opening of



GR

DIAGRAM TABLE No. III.—Showing the increase and decline in the population of Ireland, and the growth of Civil Government Charges, from the opening of Grattan's Parliament in 1782 to 1911.

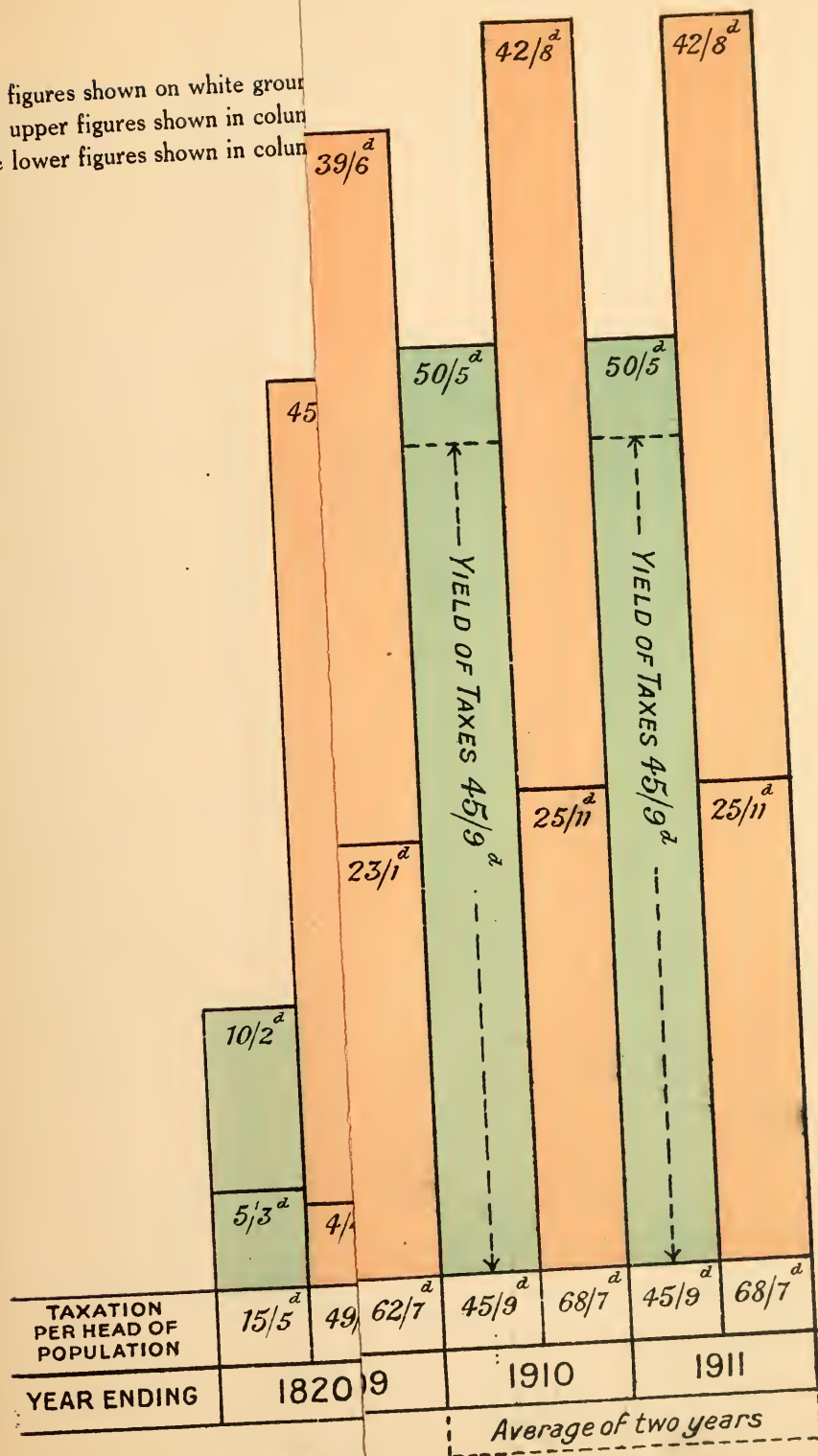


GREEN COLUMNS DENOTE POPULATION.

RED COLUMNS THE COST OF CIVIL GOVERNMENT.

f
r

The figures shown on white ground
The upper figures shown in column
The lower figures shown in column

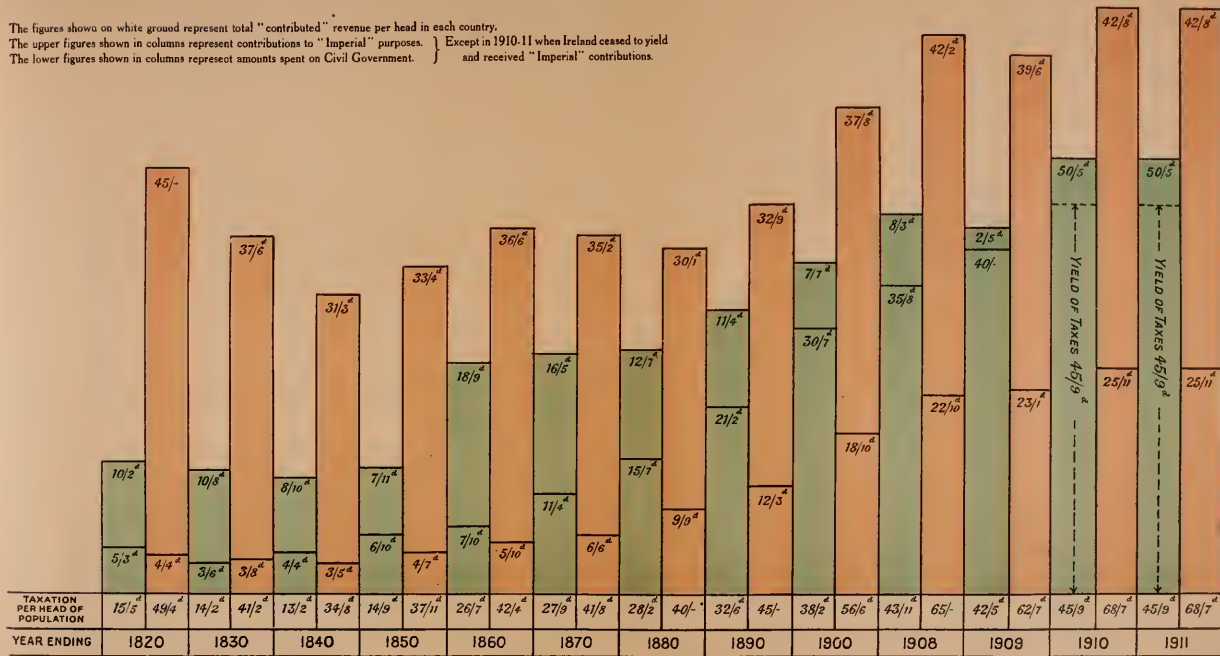


EXPLANAT

DIAGRAM TABLE No. IV.—Showing the yield of taxes in Ireland and Great Britain per head of population in the last financial year of each decennial period 1820 to 1900, and for the four financial years ending in 1908 to 1911.

The figures shown on white ground represent total "contributed" revenue per head in each country.

The upper figures shown in columns represent contributions to "Imperial" purposes. } Except in 1910-11 when Ireland ceased to yield
The lower figures shown in columns represent amounts spent on Civil Government. } and received "Imperial" contributions.



EXPLANATION.—THE GREEN COLUMNS REPRESENT IRELAND. THE RED COLUMNS REPRESENT GREAT BRITAIN.

Average of two years

Let us now turn to Sir Edward Hamilton's memorandum prepared for the Financial Relations Commission (*a*). Referring to a Table of Irish Revenue and Expenditure from 1783 to 1800 which he submitted (see Diagram I.), he says—"This table clearly establishes two facts. During the first eleven years of legislative independence the expenditure of Ireland kept fairly level, averaging about £1,250,000 per annum, and that thenceforward, until the Union was carried, the expenditure increased year by year mainly under the head of military services, at such a rate that the total expenditure in 1799-1800 was five times greater than it was in 1792-1793."

(*a*) F. R. Report,
Vol. I, pages
322-3.

Sir E. Hamilton proceeds to point out that the military expenditure for $7\frac{3}{4}$ years ending 5th January, 1801, amounted to £20,809,000, as against an estimated normal outlay of £4,533,000. Of the excess of sixteen millions sterling, he estimates that six millions were due to disturbances in Ireland, and ten millions to England's war with France.

At this period, Ireland having voluntarily incurred enormous expenditure and accumulated a burden of debt (*b*), the political union with Great Britain was accomplished. It is sufficient to say that the prospect of financial relief offered to Ireland was one of the most powerful weapons in the hands of Pitt and Castlereagh in overcoming the resistance of the Irish Parliament to its own extinction.

(*b*.) Diagram I.,
Period "B."

Grattan, and practically all the unbribed intellect of the Irish assembly, profoundly distrusted the promises of financial relief so freely propounded by Castlereagh (*c*). Only too true, experience has proved, was Grattan's historic prophecy—offered in resistance to the proposal of a joint fiscal system—when he foretold that "Ireland would stagger under a weight which was a feather on the shoulders of a wealthier people."

(*c*.) Lecky's His-
tory, Vol. 5, page
411.

It may be at once conceded that Castlereagh's promises of relief were not deliberately made to deceive the Irish Parliament (*d*). His interest was to make the Act of Union a success. The fact that his estimates resulted in placing rapidly increasing and impossible burdens upon Ireland is perhaps the most eloquent and

**The Union
a Financial
Blunder.**

(*d*.) Oldham's
Lecture No. III.

unanswerable testimony to England's incapacity to assume the control of Irish financial affairs. Castlereagh's capacity to blunder was transmitted to all his official successors. Its latest illustration is not yet three years old. Estimated to cost £1,000,000 per annum, Irish Old Age Pensions actually cost £2,400,000 ! (See Diagram VI.).

To discuss the financial provisions of the Act of Union here would largely extend our area of investigation without seriously helping the purpose in view. It is necessary, however, to note one omission from its labyrinth of carefully drawn clauses the absence of which would have fatally impaired anything of value they might have contained for Ireland (a). The promoters of the Union claimed to have effected their purpose by the method

(a.) Oldham's
Lecture No. III.

**No Financial
Tribunal.**

of treaty. An essential element of a treaty lies in the existence of a joint or independent tribunal for the interpretation of its terms. Bad as the actual financial provisions of the "Treaty" of Union undoubtedly were, their subsequent unchecked interpretation by one of the contracting and interested parties rapidly precipitated a crisis. Anticipated in the Act of Union, the amalgamation of the exchequers was forced upon Ireland under the most disadvantageous conditions. Loaded with debt and swamped with non-productive expenditure when the system of the "common purse" was established she became an outlying and impoverished English province.

But now, surely, says the superficial or prejudiced reader, whatever Irish grievances may have been in matters of finance before the "common purse" was established, there can be no injustice when Irishmen

**Exchequers
Amalgamated.**

(b.) See Diagram
No 1, Period
"D."

pay exactly the same, or slightly lower, taxes than Englishmen and when all expenses are paid from a common fund (b). When such a sober and well-informed journal as the *Spectator* advances this view the casual student may be forgiven if he falls into error. The view is either intensely stupid or utterly dishonest. Under the Union system Ireland, from 1820 to 1911, paid in taxes over £300,000,000 for Imperial projects many of which she disliked, and from which she claims to have derived no benefit. That is the first and the final objection to the *Spectator* theory of international justice.

But if the argument is to be limited to the mere question of Ireland's equitable contribution to a common purpose, (upon the assumption that she desired to pay that amount), what is the result? Let us appeal to the author of the Act of Union (a). Speaking in 1785 upon a proposed commercial treaty, then pending with Ireland, Mr. Pitt said—"If one country exceeded another in wealth, population, and established commerce in a proportion of two to one, he was nearly convinced that that country would be able to bear nearly ten times the burdens that the other would be equal to."

(a) F. R. Report, Vol. III, page 182.

Or let us accept Sir Robert Giffen's more modern, and perhaps better founded, view that an equitable basis of taxable capacity is to be found in the total income of a country, £12 per head having been deducted for subsistence allowance (b). On this basis Sir Robert Giffen concludes that Ireland in 1892 should have contributed £1 for each £40 due by Great Britain to the common exchequer. No competent authority has assessed Ireland's taxable capacity at more than one-twentieth of that of Great Britain (c). We are, therefore, compelled to the conclusion that even if the political theory of the Act of Union were defensible, its financial effect has been to exact any amount from £100,000,000 to £300,000,000 in taxation from Ireland, more than upon any equitable basis she should have been called upon to pay.

(b) F. R. Report, Vol. III, page 20.

(c) See conclusions of Lords Farrer and Welby and Mr. Currie, F. R., Final Report, page 50.

With this brief review of financial history we may summarize the lessons of our four historical diagrams thus:—

DIAGRAM I. :—

- (a) The inherent weakness of Grattan's Parliament and the superior force at the disposal of the English Parliament forced Ireland into a false financial position.
- (b) The Act of Union rendered a previously unsound financial position one of hopeless insolvency.
- (c) The amalgamation of the exchequers perpetuated and intensified Ireland's financial disadvantage.

- (d) The cost of Irish civil government has steadily increased until British extravagance in Ireland has removed any financial advantage that England may for 110 years have derived from the Act of Union.
- (e) Ireland is now a rapidly increasing financial liability upon the British taxpayer.

DIAGRAM II. :—

The Irish debt taken over in 1818 by the United Kingdom Exchequer was debt incurred for the advantage of England, mainly under English compulsion.

DIAGRAM III. :—

Excessive taxation and repressive expenditure have been followed by the depopulation of Ireland.

DIAGRAM IV. :—

- (a) The cost of civil government per head of the Irish population has so largely outrun both the corresponding cost in Great Britain, and the yield of Irish taxation, that the British taxpayer now pays 4s. 8d. per annum (in addition to the whole revenue of Ireland), for every person in Ireland, as the price of continuing to control Irish domestic affairs.
- (b) That this cost will almost certainly continue indefinitely to increase under the present political system.

In 1783 Mr. Henry Grattan asked, in the name of Ireland, that Great Britain should cease to intermeddle in Irish domestic affairs. England then yielded to the armed persuasion of the Irish Volunteers.

To-day, in the name of Ireland, Mr. John Redmond makes the same demand. Great Britain is about to yield, not to the argument of force, but to the logic of events and to her own financial interests. That is the outcome of over a century's history of Irish national finance.

“ Collected ” and “ Contributed ” Revenue.

IV.

(DIAGRAM V.).

ALL Irish writers and speakers upon Home Rule finance are in agreement upon one point. They join to repudiate the Treasury's estimate of the amount of the “ true ” revenue of Ireland. Until 1870 the estimated “ contributed ” revenue of Ireland exceeded the amount “ collected ” in Ireland. Since then the result of Treasury methods has been to credit Ireland in the international accounts with less than the amount collected by Imperial officers in Ireland (*a*).

(*a*.) See reasons set out by Mr. Childer's in F.R. Final Report, page 152

We may briefly review the influences which brought about this result. Until about 1850 more than half the amount paid by Ireland was paid in the form of customs duties. The vast bulk of dutiable articles received from abroad reached Ireland through British ports, at which points customs duties were frequently paid. Upon the equitable principle that the consumer of dutiable articles is the person who ultimately pays the tax, Ireland has been credited with an amount estimated to equal the duties paid at British ports upon articles consumed in Ireland.

Since about the year 1855 the application of the same principle to articles upon which duties were paid in Ireland, and which were consumed in Great Britain, caused the amount of the “ true ” to fall below the “ collected ” revenue of Ireland (*b*). This arose not from customs but from excise duties—that is, from dutiable articles manufactured in Ireland, and exported to Great Britain, upon which the duty was paid in Ireland. We may here

**Growing
Excise
Duties.**

(*b*.) See Diagram V.

note a fact of importance. Had the people of Great Britain not purchased Irish whiskey, stout, and tobacco, the revenue collected in Ireland would have remained substantially *less* than the Treasury estimate of Ireland's true revenue. It was the Englishman's partiality for these Irish products which has been the principal reason for the present Irish outcry for "collected" instead of "contributed" revenue (*a*).

(*a*.) See also
Table of Tax
Revenue on page
154, F. R. Final
Report.

The importance of a recognition of this fact at the moment lies in the possibility that the "contributed" may again exceed the "collected" revenue of Ireland. Could the Irish distiller, brewer, and tobacco manufacturer succeed in obtaining the removal of the present duties upon their manufactures, or were England to transfer her patronage from Irish whiskey to Irish woollens, the "true" would again exceed the "collected" revenue.

The possibility of such a change in the basis of revenue taking place merges into probability when we find that during the past ten years the "contributed" has increased much more rapidly than the "collected" revenue, mainly owing to a decrease in the product of Excise duties which fell from £6,274,000 in 1900 to £5,156,000 in 1910. (See Diagram V.).

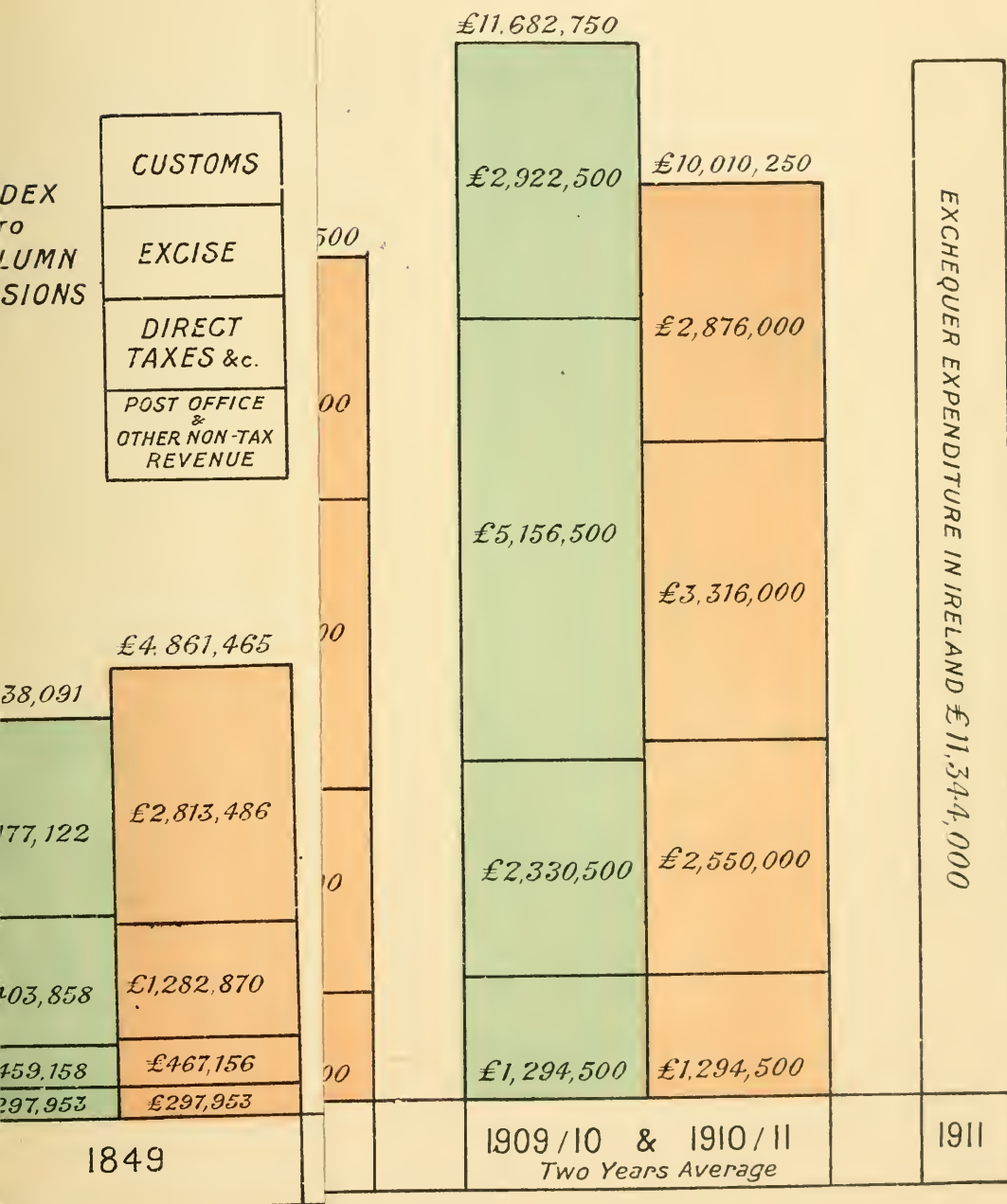
The suggestion that "collected" revenue should be accepted as the amount to be credited to an Irish Exchequer must therefore be abandoned. *True* revenue is the only safe basis for Ireland. And now arises the vitally important question of how this true revenue can be ascertained, not only at the moment, but how it can be periodically adjusted as trade and other economic changes take place. We may with safety assume that the revenue at present credited to Ireland is "true" only in name. "An Irishman," in his recently published pamphlet advances satisfactory proof that the methods by which the Treasury at present estimate the amount "contributed" by Ireland are hopelessly defective (*b*). New and accurate methods are necessary. What are these methods to be, and who is to apply them?

"Collected"
Revenue
an unsafe basis.

"True"
Revenue
Unknown.

(*b*.) "The
Financial
Relations of
Ireland with the
Imperial
Exchequer."
Published by
Gill & Son,
Dublin.

DL various years since 1849.

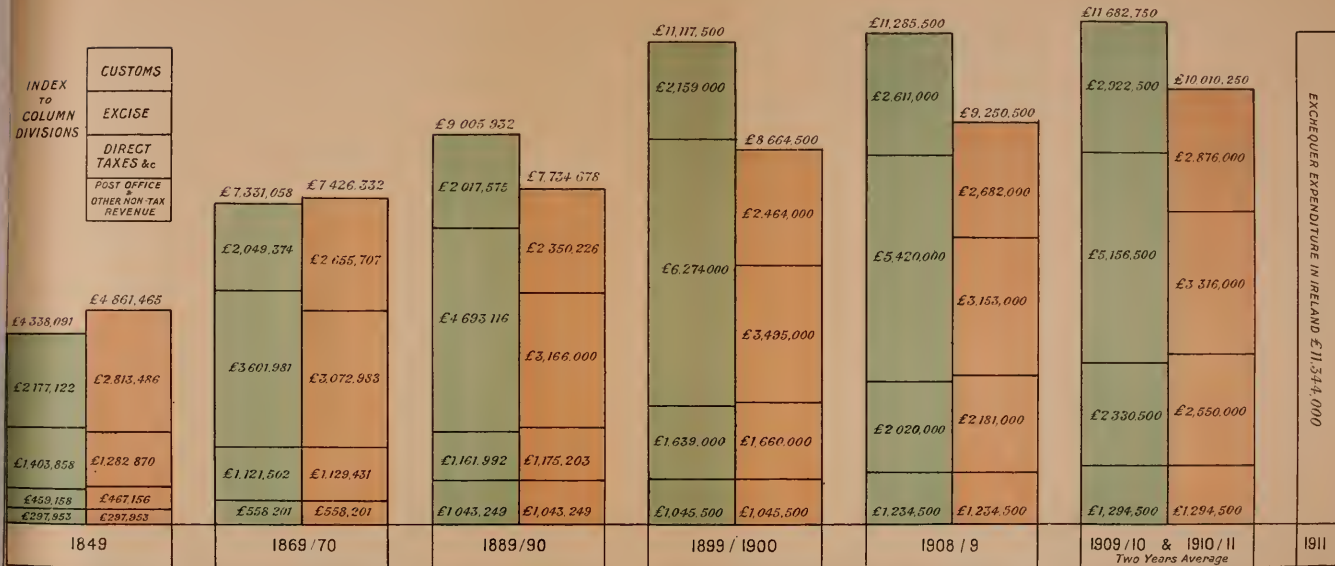


REFERENCES, — CORRECTIONS.

The Totals for Year

DIAGRAM TABLE No. V.—Showing the total National Revenue as “Collected” in and as “Contributed” by Ireland in various years since 1849.

Divided into:—(1) Customs. (2) Excise. (3) Direct Taxes. (4) Non-Tax Revenue.



REFERENCES.— GREEN COLUMNS DENOTE REVENUE COLLECTED IN IRELAND. RED DENOTES AMOUNTS CREDITED TO IRELAND AS THE RESULT OF TREASURY CORRECTIONS

The Totals for Year are shown over each column

The Treasury has failed, and cannot be trusted to remain the uncontrolled and unchecked authority again. Just as Castlereagh blundered in his estimate of Ireland's taxable capacity for the purpose of the Union, not from malice, but from his incapacity to form a correct judgment, will failure follow unchecked English estimates again. Future balances must be struck between the British and Irish ministries of finance. A Joint Financial Committee

<p>How True Revenue may be Ascertained.</p>	<p>of British and Irish representatives, even if the majority of such representatives be British, may be trusted to make the adjustment. We may accept a British majority, if that be insisted upon, without fear. Such a majority may be relied upon to act fairly, if Irish representatives interested in, and well informed as to, Irish financial matters are present to advance and press the case for Ireland. With the adoption of this method the existing estimates of true Irish revenue may be accepted as the basis for the financial settlement of a Home Rule Bill, if provision be made for future adjustments.</p>
<p>Present Estimates the Basis for Home Rule Settlement.</p>	

To make this point clear, in Diagram No. 10 and in a later chapter, a proposal is advanced that Great Britain should endow an Irish Parliament with the true revenue of Ireland *as at present estimated* (a), and a capital sum payable in instalments over a period of twenty years. If we assume that a joint financial tribunal ascertains within three or four years from the opening of an Irish Parliament that the true revenue of Ireland is £1,000,000 per annum more than it is at present estimated by the Treasury to be, the unpaid instalments of the capital sum payable to the Irish Parliament may be reduced by that amount. It is therefore clear that by agreeing to pay a capital sum with which to commute her present loss upon Irish civil government, and at the same time agreeing to subsequently readjust her accounts with Ireland, Great Britain need not place herself in the position of having to pay the same account twice.

(a.) *i.e.*, the figures of financial year previous to the opening of our Irish Parliament.

**Future
Adjustments.**

As against any settlement arrived at by the British Government, upon the advice of its Home Rule Finance Committee or

otherwise, the method proposed would have one all important advantage. The settlement to be made would command the confidence of both countries. Being in the nature of an agreement, it would be final, and at the same time elastic and capable of periodical application to future readjustments. It is almost certain that any attempt at settlement by the British Cabinet and Treasury will involve a reopening of many points of importance between the two Parliaments. A Joint Committee will then become necessary. There is no reason why the whole process of readjustment should not be left to such a joint tribunal. It means one process instead of two.

**Method would
command
Confidence.**

The Cost of Mr. Gladstone's Failure.

V.

(DIAGRAMS VI., VII., & VIII.)

SINCE the House of Lords rejected the Home Rule Bill of 1893 a complete revolution has occurred in the financial relationship between Ireland and Great Britain. **Position in 1893.** In 1893 Mr. Gladstone, while placing a substantially increased sum at the disposal of the Irish Parliament for the purpose of civil government, was able to provide for an Irish contribution to Imperial services of about £2,000,000 annually. To-day, so great has been the increase upon civil expenditure in Ireland by successive British governments since 1893, British statesmen have not only abandoned all hope of an Irish tribute to Imperial outlay, but they recognise Ireland as an inevitable future drain upon the contribution of the people of Great Britain to Imperial expenditure (a).

(a.) See Diagrams I. and X.

It may be a subject for legitimate debate between Nationalists as to whether a twenty years' postponement of their political freedom has or has not been adequately compensated for by the measure of financial restitution exacted from Great Britain in the interval since 1893 from this increased expenditure and from British capital paid and pledged to Irish tenant farmers (b). There is no room for

(b.) Estimated at £180,000,000.

**British
Taxpayers'
Loss.**

debate as between those who represent the taxpayers of Great Britain. The defeat of Mr. Gladstone's measure has cost, and will cost, Great Britain the price of a whole fleet of Dreadnoughts. As students of national finance we must ascertain and understand something of the causes which have brought about the change. It will be convenient to do so by following three of our diagrams.

In Diagram No. VI. we have a picture of the past twenty years' Irish Civil Expenditure. Under the heading "local" (in green columns) we have the amount spent by Irish local authorities. A reference to the red columns in Diagram VII. shows that these local bodies spent considerably more than they collected in rates. The difference was supplied by the Treasury under a series of enactments and financial resolutions of Parliament. In the history of public finance it will probably be impossible to discover a series of financial transactions between two countries more haphazard and uneconomic than the conditions under which these payments were made (*a*). They were based upon no continuous principle of any kind. They may be said to represent a combination of conscience-money payments and unwilling payments on account, made to an importunate and inconvenient creditor. They have produced an almost inextricable tangle between national and local finance. Voted by Parliament in the general nature of "equivalent" grants, no standard of equivalence prevailed upon any two occasions.

Twenty years' Expenditure Growth.

No fixed Principle.

(*a.*) Oldham's Lecture, No. VII., is the most complete existing review of these transactions.

(*b.*) See Goschen's Report, Local Taxation, 1870. Reprinted as Parliamentary Paper 201 in Session 1893-94.

(*c.*) See Hansard, 4th Series,, 120, Debate on Ireland (Development) Grant.

(*d.*) Local Government (Ireland) Act, Section 80.

When, in 1888, Mr. Goschen (*b*) abolished "grants in aid" of local expenditure and constituted a fund from which certain payments—"Local Taxation Grants"—should be made for local purposes, he fixed the amounts payable upon a definite basis. Of each £100 to be spent £91 was earmarked for Great Britain and £9 for Ireland. The allocation of the Irish portion presented a new problem (*c*). In succeeding years Parliament was called upon to sanction its expenditure for purposes altogether unforeseen when the original grant was fixed, portions being devoted to Land Purchase, Education, and other national purposes, and other portions to meet local demands. Following this period of "hand to mouth" allocation came the Irish Local Government Act of 1898, with a new principle of fixed "equivalent" grants to Ireland, introduced mainly for the purpose of relieving Irish landlords of the payment of half their agricultural rates, and to enable Dublin Castle to control the action of local bodies, by making the payment of certain local grants conditional upon their obedience to the requirements of the Irish Government (*d*).

Mr. Goschen's Basis.

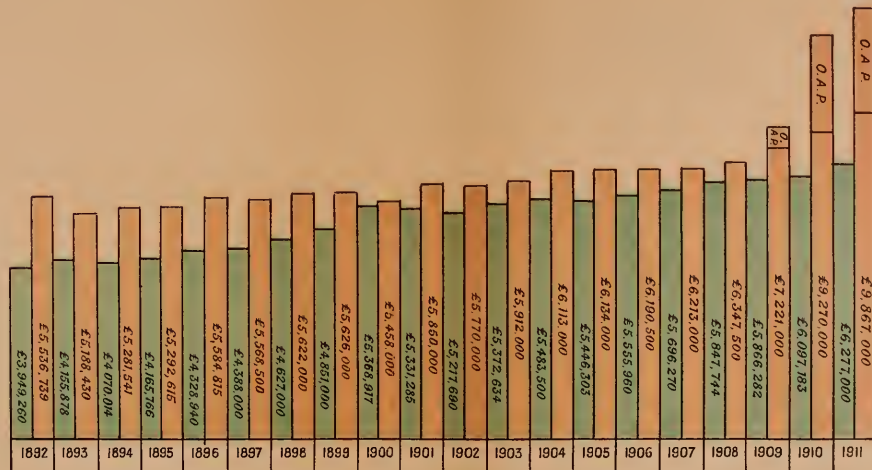
Mr. G. Balfour's Method.



DIAGRAM TABLE No. VI.—Showing Irish “National” and “Local” EXPENDITURE for 20 years, from 1892 to 1911.

EXPLANATION.—“National” expenditure includes all amounts spent in Irish Civil Government (including cost of Post Office) from Treasury sources, less amounts collected by Imperial officers and spent by local bodies, i.e., “Local Taxation Grants.”

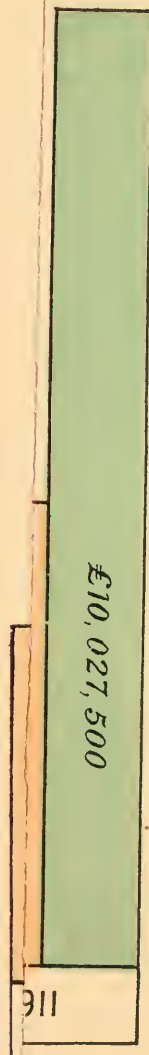
“Local” expenditure includes all outgoings of local bodies from rates and from “Local Taxation Grants.” Expenditure from loans is not included.



GREEN COLUMNS DENOTE “LOCAL” EXPENDITURE. RED COLUMNS DENOTE “NATIONAL” EXPENDITURE.

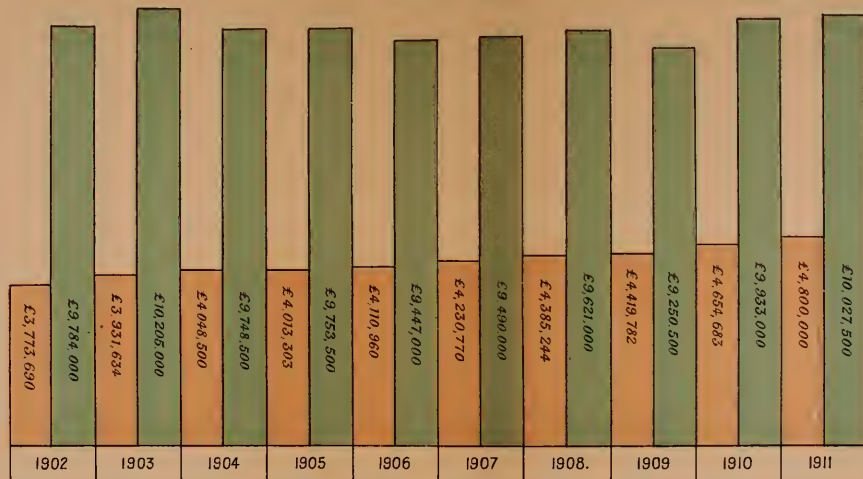
NOTES.—Portions of last three expenditure columns marked “O. A. P.” denote the portions of expenditure due to old age pensions, the amounts of which were as follows:—
1909, £582,000. 1910, £2,342,000. 1911, £2,408,000.

DIAGRAM TA combined the total public



NOTE.—T of "Local Taxation Grants."

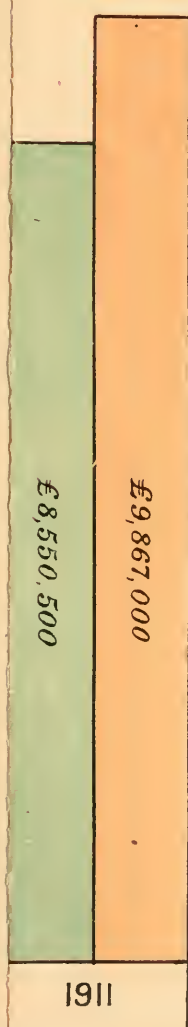
DIAGRAM TABLE No. VII.—Showing the amounts received by Imperial Officers, and Local Authorities, constituting when combined the total public revenue of Ireland.



RED COLUMNS DENOTE "LOCAL" AND GREEN COLUMNS "NATIONAL" REVENUE OF IRELAND.

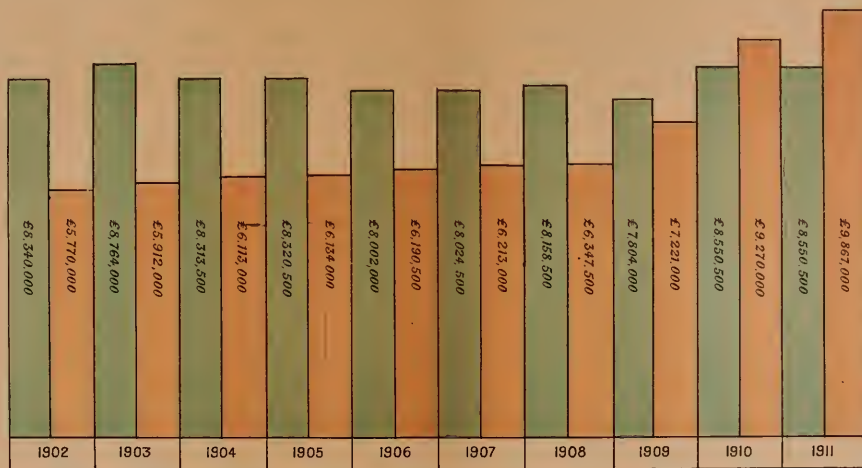
NOTE.—The only basis upon which the expenditure of Irish local bodies is ascertainable is obtained by adding the revenue from rates (see red columns above) to the amounts of "Local Taxation Grants."
The totals thus obtained appear in Green columns in Diagram VI.

March, 1902, to March, 1911,



Revenue and Expenditure figures given.

DIAGRAM TABLE No. VIII.—Showing Irish National Revenue and Expenditure for 10 financial years ending March, 1902, to March, 1911, omitting amounts raised for and spent by Local Authorities.



GREEN COLUMNS REVENUE.

RED COLUMNS EXPENDITURE.

NOTES.—The amounts collected by the Treasury for Irish Local Expenditure (i.e., Local Taxation Grants) varying from £1,433,000 to £1,477,000 per annum are omitted from both Revenue and Expenditure figures given.

Mr. Goschen's proportion of 91 to 9 was based upon the principle that each country should receive grants in proportion to its yield of taxes. The Liberal regime of 1894 acted largely upon the principle that each country should receive according to its particular

needs, and, in 1903, Mr. Wyndham, in connection with the finance of his Land Purchase Bill, adopted population as the basis of equivalence. In fifteen years, therefore, three distinct and conflicting principles have been adopted by English statesmen upon which to resist or justify claims made on behalf of various interests in Ireland.

**Mr. Wyndham's
View.**

The result was that the "local" expenditure of Ireland rose from £3,940,000 in 1892, to £4,620,000 in 1898—when the Irish Local Government Act became law—and to £6,270,000 in 1911 (a).

**Growing
Local and
National
Expenses.**

(a) Diagram VI.

But what of expenditure controlled directly by Irish Government departments? £5,530,000 covered the cost in 1892. £9,860,000 was required for the year ending March, 1911. Or, if the cost of Old Age Pensions be omitted, the increase has been from £5,530,000 in 1892 to £7,400,000 in 1911 (b). What caused this increase of almost £2,000,000?

(b) Diagram VI

It has arisen chiefly under the headings Land Commission, Department of Agriculture, Education, Revenue Collection, and Post Office. The heading Post Office represents an increase of about £700,000 and may be treated as normal and reproductive. The other headings, with the exception of Revenue Collection (£75,000), which requires special explanation, account for what we may term ameliorative expenditure, amounting to about £1,500,000. If we add the cost of Old Age Pensions (£2,400,000), we have an increase of almost £4,000,000 per annum for amelioration.

We have described this increased payment as "conscience money" and as unwilling tribute. Let us endeavour to ascertain more exactly the causes which have brought about the increase. The first and greatest cause was undoubtedly the Report of the Financial

**"Conscience
Money."**

Relations Commission Here, for the first time, a qualified and

authoritative tribunal told John Bull something of the truth as to the effect of British finance in Ireland. Though **Financial Relations** Mr. Balfour rejected some of the Commission's **Commission.** theories and conclusions, the Department of Agriculture and his Party's land legislation were the work of his Government. The Liberal Party accept the findings and quote them to-day in support of their Irish financial policy. More potent even, as a recent cause of the Irish increase, is the development of remedial—some say socialistic—legislation for Great Britain. The increase due to Old Age Pensions arose from the impossibility of discriminating between the British and Irish aged poor without a flagrant breach of the "Treaty" of Union. Add to these causes the inability of the Treasury to estimate the cost of Irish measures, and the price paid by British Governments for Irish support in the division lobby, and we have the main causes which have transferred Ireland so rapidly from the credit to the debit side of the Imperial ledger.

**Treasury cannot
Estimate
Irish Costs.**

We may turn now to Diagrams VII. and VIII. and see how these changes have affected the Irish taxpayer and ratepayer respectively. Have the increases in Irish expenditure caused any corresponding increase in Irish revenue? Following the period of special war taxation in 1902-3, we find that the Exchequer revenue from Ireland (omitting taxation for local purposes) exhibits a practically steady decline until 1909 (*a*). As the result of new taxation imposed in the Budget of 1910, the revenue for 1910 and 1911 shows some increase, but it is worth noting that even these years do not reach the yield of 1903!

**Irish Taxes
Unproductive.**

(*a*) Diagram VIII.

Let us now see how the ratepayer has been affected (*b*). And here we must dispose of a fallacy which has been generally accepted. While the assertion that the average rates of Ireland have decreased since the introduction of popularly elected local bodies in 1900 is mathematically true, it is not true to say that the total amount paid by the ratepayers has diminished. The explanation of this apparent paradox is that the rateable value of property has substantially

**Ratepayers'
Pay More.**

(*b*.) Diagram VII.

increased. The nett result is that in the last ten years Irish local bodies have increased the amount of their collection from £3,770,000 to £4,800,000 (b).

(b.) Diagram VII

This contrast between the movements in the revenue collected by local bodies and by Imperial officers furnishes a lesson which should not pass without notice. While the popularly elected body has automatically and without serious friction increased its demands, every effort of the British Treasury and the British tax-gatherer, however sugar-coated the pill or however justified by increased expenditure, has been violently resisted. While the ratepayer grumbles for the moment and pays twenty per cent. more against the demand of his elected representative, the taxpayer's patriotism dictates defiance of the tax-gatherer of Great Britain. May we not therefore assume that the parsimony of the taxpayer will not be quite so pronounced when the demand emanates from his representative in an Irish Parliament?

A parting glance at Diagram VI. before we pass from this branch of our subject will reveal an interesting fact. Adding together the "national" and "local" expenditure, we find that the total of £9,486,000 in 1892 has increased to a corresponding total of £16,144,000 in 1911. Let us remember that it is the latter sum which will come under the control of an Irish Parliament, and that the pruning and expenditure of the whole Irish revenue will be the financial area over which the administrative capacity of an Irish assembly will be exercised.

**Total
Expenditure
Sixteen Millions.**

**Local Bodies
Succeed where
Treasury Fails.**

A Method by which Great Britain may Compound her Liabilities.

VI.

(DIAGRAMS IX. & X.)

TWO clear conclusions are forced upon us by our investigation of the history and present tendency of the financial relationship of Great Britain and Ireland: That **Restitution !** Ireland's claim for restitution is just ; and that **How ?** the claim must either be paid or compounded.

The forces analysed in our last chapter will continue in a greater or lesser degree to force British expenditure upwards in Ireland, and there is little, if any, hope that the economic and political causes which render British taxation of Ireland unproductive will suddenly disappear. The alternative to this prospect lies in the

(a.) See quotation from F. R. Report facing "Contents" page of this pamphlet.

The Alternatives.

future control of all Irish finances by an Irish Parliament (a). The possibility of securing that alternative depends largely upon our being able to satisfy the people of Great Britain and the people of Ireland that they both stand to reap financial benefits from its adoption. How can it pay both Ireland and Great Britain ? Must not the gain of Ireland be the loss of Great Britain ? Can Great Britain economise without inflicting loss upon Ireland ? In endeavouring to provide a satisfactory answer to these essentially important questions we will follow our last two diagrams.

Diagram IX.

The first three columns of Diagram IX. disclose a fact of primary importance. The abnormal political conditions of Irish government

n, Scotland and Ireland,
DI Government.

ID SAVINGS →	
TOT "C"	
(1.) GING	SAVING
(2.) 8,000	£2,263,000
(3.) 1	
70,000	
W	
,000	LAND £50,000
CE	LAW
000	£400,000
	POLICE
	£700,000
IONS	PENSIONS
0,000	£1,500,000
28	1933

1913.

DIAGRAM TABLE No. IX.—Showing the comparative present cost of certain departments of Civil Government in Great Britain, Scotland and Ireland, together with a forecast of the probable gradual reduction to normal standards during the first 20 years of Irish Self-Government.

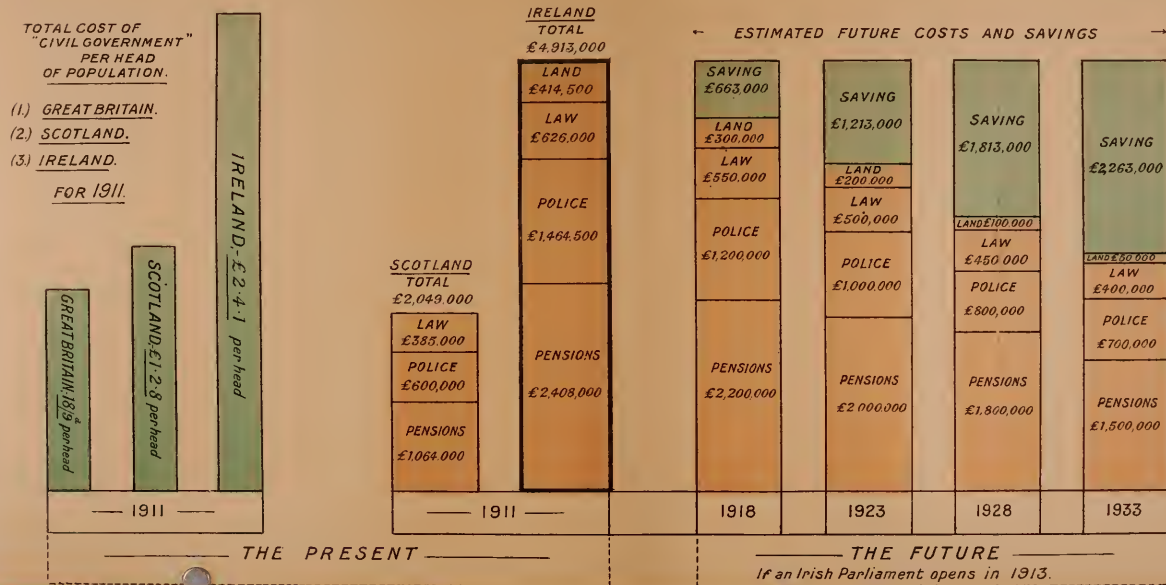


DIAGRAM system if it is continued, AND its
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NOTE.—If the
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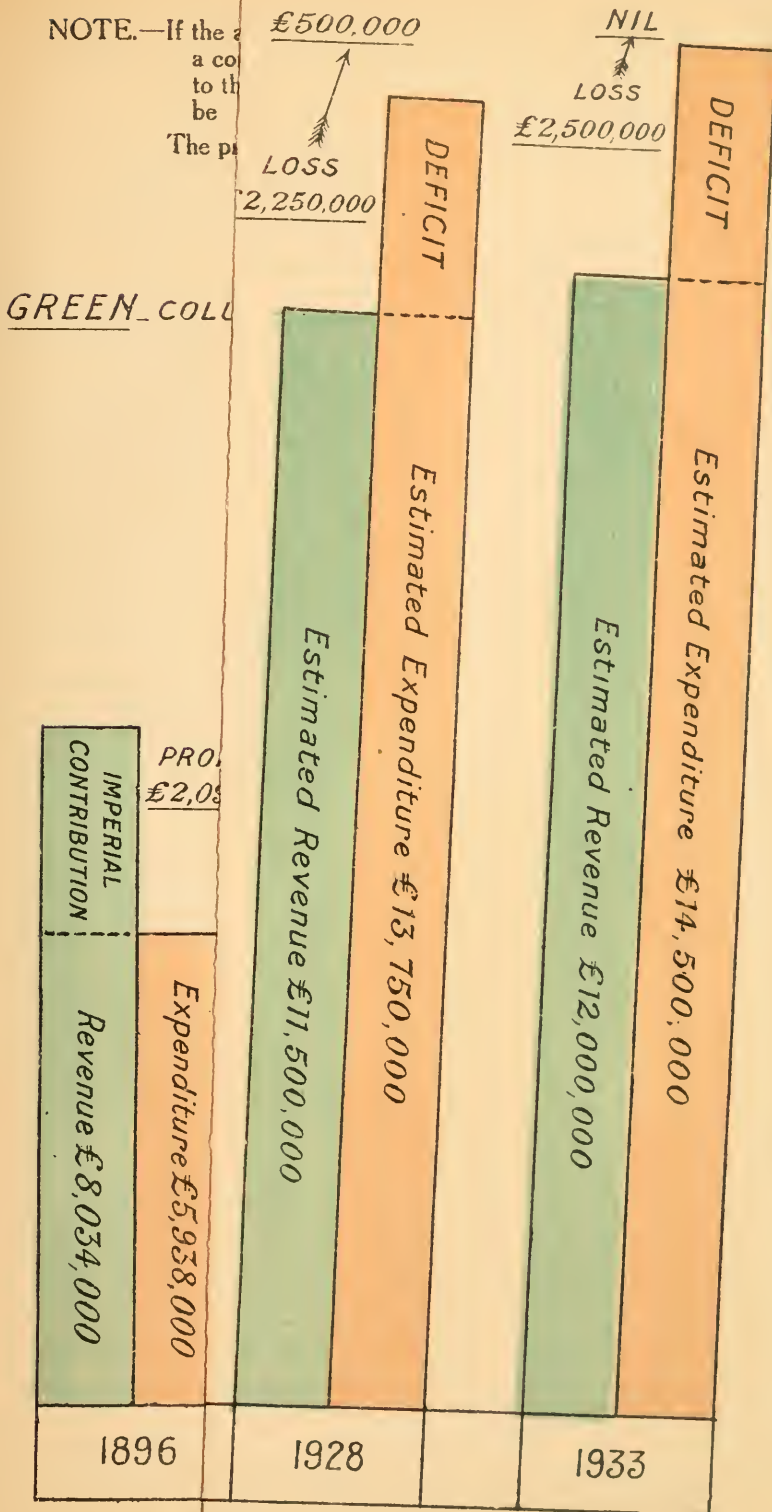
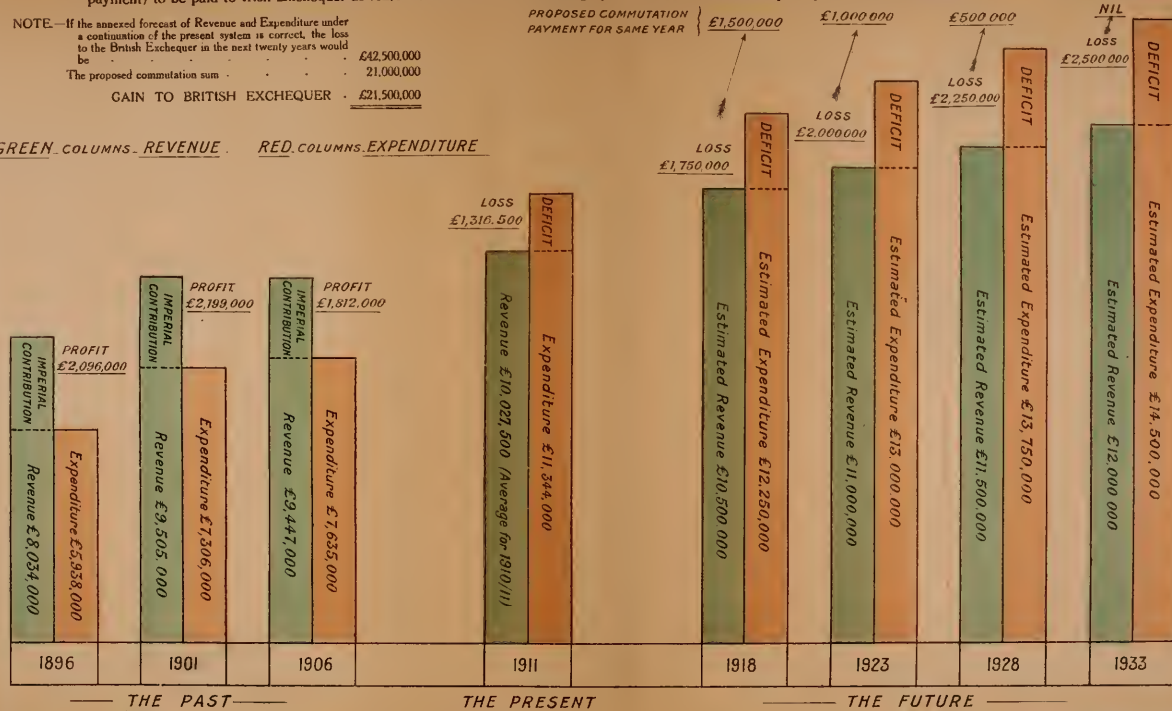


DIAGRAM TABLE No. X.—Showing the probable loss to British Exchequer upon Irish Civil Government, under the present system if it is continued, **AND** its comparative cost if the Revenue of Ireland and a capital sum of £21,000,000 be placed **at the disposal of an Irish Parliament.** This capital sum (commutation payment) to be paid to Irish Exchequer as £2,000,000 in 1913, diminishing by £100,000 in each subsequent year until it is exhausted.

NOTE.—If the annexed forecast of Revenue and Expenditure under a continuation of the present system is correct, the loss to the British Exchequer in the next twenty years would be
 £42,500,000
 The proposed commutation sum 21,000,000
GAIN TO BRITISH EXCHEQUER . £21,500,000

PROPOSED COMMUTATION PAYMENT FOR SAME YEAR } £1,500,000 £1,000,000 £500,000 **NIL**
 LOSS £2,500,000

GREEN COLUMNS. REVENUE. RED COLUMNS. EXPENDITURE



are reflected in its cost as compared either with that of Great Britain as a whole or with that of Scotland, which in points of population and natural wealth bears a close analogy to Ireland. In contrast with Great Britain, civil government per head in Ireland costs more than double, and it is almost twice that of Scotland. Ireland being the poorer country in point of developed wealth, its administration should cost less than that of Scotland. How does the excessive cost arise? In our fourth column we analyse the principal heads of Scottish expenditure, and our fifth column represents the corresponding expenditure in Ireland. The Irish excess has, we claim, been produced by the forces reviewed in our last chapter. Law and Police—the machinery of repressive government—are excessive in cost because the majority of the people resent British Government, and yield to it only under compulsion. Old Age Pension and Land Commission charges represent “conscience money,” and are swollen—in common with the cost of every department of Irish government—by the conscious or unconscious belief of Irishmen, that every increase of British expenditure in Ireland means “getting a bit of their own back” from Great Britain.

<p>Make Ireland Responsible.</p>	<p>The substitution of Irish for British responsibility, of a form of government the people demand for one they resent, will immediately remove these causes of extravagance and gradually abate their result in the national balance sheet. When it is made clear to even the least enlightened Irishman that he can only escape increased taxes, and obtain increased state benefits, by observing order without the assistance of police and prisons, and by ceasing to support the claims of any but properly qualified applicants for old age pensions, the restraint of a naturally parsimonious people upon expenditure will become instant and automatic. When he who calls the tune is compelled</p>
<p>He who calls—— pays——!</p>	<p>to pay the piper there will be a very limited demand for the discordant music of extra police, or the soothing melodies of gratefully undeserving old age pensioners.</p>

The cost of the Land Commission demands a special word of attention. A considerable portion of its present costs are not

properly chargeable and cannot continue to be charged to Ireland. They are annual charges upon Mr. Wyndham's restitution payment to the Irish peasantry, and are clearly and legally Imperial charges. With the completion of land purchase the minor functions of the Commission will pass to other departments, and its cost should almost disappear. Charges for Law, Police, and Pensions we assume will find their normal level in twenty years, with the final result that we anticipate Ireland in 1933—having reduced her expenditure by a gradual process to figures still substantially greater than the present Scottish standard—will have effected savings considerably in excess of the present British subsidy.

**Future
Reductions
in Cost.**

Diagram X.

We may now turn to our last Diagram (a) and discuss briefly the final phase of our subject. Its columns indicate that in the present year John Bull has added from his own pocket £1,316,500 to the £10,027,500 extracted from the Irish taxpayer, for the cost of Irish civil government. We do not assume that the rate of increase which has prevailed in the cost of Irish administration for the past fifteen years, during which it rose by £5,406,000, will continue. We adopt a commendably conservative estimate when we place the increase of the next fifteen years at £2,406,000, or less than half the recent rate of increase. In view of the tendency to increase expensive ameliorative legislation at Westminster, we might have assumed an accelerated, rather than a retarded, rate of growth. Further justifications for a higher estimate of Irish costs in 1928 may be found in the immediate prospect that National Insurance will increase British loss in Ireland by £500,000 annually (b), and in the increase of almost £100,000 in this year's estimates for one department of Irish government alone—the Land Commission. If our estimate is misleading, it errs by not anticipating a higher rate of expenditure growth.

**Increasing Cost
Assured.**

**Increase in
Revenue
Uncertain.**

In our estimate of increased future revenue the hypothesis that Ireland will yield £1,500,000 more to the British Exchequer in 1928 than it does to-day is probably too sanguine. A British Government which has to rely upon Irish support will find it difficult to pass any Budget which will yield even the increase we estimate.

An estimate
the Treasury
tribution
er Mr. Lloyd
orge's National
urance Bill.

Proceeding now to our last column (a) we find that in 1933 the present financial system will involve Great Britain in a loss of £2,500,000 and future indefinitely increasing liabilities. With this prospect before him we ask the British taxpayer for a definite composition, payable in instalments, and we offer him a receipt in full discharge. We offer to accept £21,000,000 payable over twenty years, as against double, and perhaps three or four times, the amount which we say he will have to pay under the present system in the same period, and at the end of which his liability will remain undischarged and indefinite.

(a.) Diagram X.

We ask for the largest instalment of his composition (£2,000,000) in the first year of our financial responsibility (b). We take over from John Bull the "going concern" upon which he is losing money. We say that we can effect economies which will turn his loss into our profit. These economies can only be carried out gradually if his employe's engagements are to be respected by us, and unless we risk violent methods of reform. We have no doubt that expenses can be reduced by £100,000 per annum, which is the rate at which we propose that he should reduce his instalments until he has paid us £21,000,000 in final settlement of our claim.

(b.) Upon the assumption that a Home Rule Bill becomes Law in 1912.

Let us, however, prevent all possibility of misunderstanding. There are existing obligations which Great Britain must discharge. The capital necessary to complete the British treaty with Irish landlords and tenants must be provided upon the basis of the existing contract. If Great Britain fears that her security for the payment of interest and capital is likely to suffer, we are prepared to pledge every asset of an Irish Parliament that the Irish peasant proprietor's obligations will be met to the last farthing. We do not suggest that Great Britain's present security is doubtful. We offer to endorse it with the National guarantee, and we agree that Great Britain shall retain any unpaid instalments of outstanding debt from our customs and excise revenue.

**Existing
Land Contracts.**

**Improved
British Security.**

But we offer something more. We offer to seal a future partnership with our friendship. We look forward to the growth of closer bonds of partnership and friendship in the future. Our material wealth is not an asset which makes our partnership very desirable to-day perhaps, but it may grow even more rapidly than we hope. But we have many influential friends and wealthy relatives in both hemispheres. Our good offices may be useful with them. Possibly useful beyond measure to Great Britain!

**Irish Friendship
and
Influence.**

We must now end as we began—with an apology.

Many aspects of our question have been discussed—some perhaps with unnecessary detail, others unduly hastened through, and all unexhausted. I have, perhaps, too frequently sacrificed lucidity and completeness of presentation to brevity. On one point only am I satisfied. I have not willingly—in diagram or argument—offered truth at the shrine of dialectical convenience, or coloured history to suit a political tendency. If public thought is provoked or stimulated in any degree by the perusal of the facts and suggestions presented I am satisfied to abide the result.

Principal Authorities upon which Diagram Tables are based.

DIAGRAM I.

Revenue and Expenditure.—Sir E. W. Hamilton's Memorandum in Financial Relations Evidence, Vol. I; for years 1789 and 1799, page 322; for years 1809 and 1817, page 334.

For years 1819 to 1911, Parliamentary White Paper No. 221 of 1911, "Imperial Revenue and Expenditure (Great Britain and Ireland)," pages 12, 13, 16, and 17.

DIAGRAM II.

Average Revenue and Expenditure.—Calculated from Sir E. W. Hamilton's Memorandum in Financial Relations Evidence, Vol. I.; for years 1786 to 1800, page 369; 1800 to 1817, page 372.

National Debt.—Same Vol.; 1783 and 1793, pages 323-4; 1801, page 324; 1817, page 335.

DIAGRAM III.

Population.—Calculated from table of authorities in "Thom's Official Directory," 1911, page 728.

Civil Government Expenditure.—Sir E. W. Hamilton's Memorandum in Financial Relations Evidence, Vol. I.; 1783 and 1799, page 322; 1817, page 334; 1839 to 1900, see authorities for Diagram I.

DIAGRAM IV.

Expenditure per head.—Calculated from Parliamentary White Paper No. 221 of 1911, "Imperial Revenue and Expenditure (Great Britain and Ireland)," pages 14, 15, 20, 21, and 22.

DIAGRAM V.

"Collected" and "Contributed" Revenue.—Calculated from same White Paper as Diagram IV., pages 12 and 13.

DIAGRAM VI.

"National" and "Local" Expenditure.—Calculated from annual Parliamentary White Papers, "Revenue and Expenditure (England, Scotland, and Ireland)," for each year shown on Diagram.

DIAGRAM VII.

"Local" Revenue.—Calculated from "Local Taxation (Ireland) Returns" for each year shown on Diagram. Receipts, other than profits, from municipal trading undertakings are omitted. The figure shown for 1911 is assumed upon the basis of normal increase, the "Return" not being yet issued.

"National" Revenue.—"Revenue and Expenditure (England, Scotland, and Ireland)." Parliamentary White Papers for each year shown on Diagram.

DIAGRAM VIII.

"National" Expenditure.—Calculated from annual Parliamentary White Papers, "Revenue and Expenditure (England, Scotland, and Ireland)," for each year shown.

DIAGRAM IX.

Cost of Civil Government.—"Revenue and Expenditure (England, Ireland, and Scotland)," Parliamentary White Paper No. 220 of 1911, pages 9 and 13.

DIAGRAM X.

Revenue and Expenditure.—See authorities for Diagram I.

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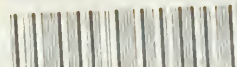
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